



# House of Representatives

General Assembly

**File No. 700**

*January Session, 2007*

Substitute House Bill No. 6776

*House of Representatives, May 2, 2007*

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT PRESERVING MARITIME HERITAGE LAND.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective July 1, 2007*) (a) An owner of land may  
2       apply for its classification as maritime heritage land, as defined in  
3       section 12-107b of the general statutes, as amended by this act, on any  
4       grand list of a municipality by filing a written application for such  
5       classification with the assessor thereof not earlier than thirty days  
6       before or later than thirty days after the assessment date, provided in a  
7       year in which a revaluation of all real property in accordance with  
8       section 12-62 of the general statutes becomes effective such application  
9       may be filed not later than ninety days after such assessment date. The  
10      assessor shall determine whether such land is maritime heritage land  
11      and, if such assessor determines that it is maritime heritage land, he or  
12      she shall classify and include it as such on the grand list.

13      (b) An application for classification of land as maritime heritage  
14      land shall be made upon a form prescribed by the Secretary of the

15 Office of Policy and Management and shall set forth a description of  
16 the land, a general description of the use to which it is being put, a  
17 statement of the potential liability for tax under the provisions of  
18 sections 12-504a to 12-504f, inclusive, of the general statutes, and such  
19 other information as the assessor may require to aid the assessor in  
20 determining whether such land qualifies for such classification.

21 (c) Failure to file an application for classification of land as maritime  
22 heritage land within the time limit prescribed in subsection (a) of this  
23 section and in the manner and form prescribed in subsection (b) of this  
24 section shall be considered a waiver of the right to such classification  
25 on such assessment list.

26 (d) Any person aggrieved by the denial of any application for the  
27 classification of land as maritime heritage land shall have the same  
28 rights and remedies for appeal and relief as are provided in the general  
29 statutes for taxpayers claiming to be aggrieved by the doings of  
30 assessors or boards of assessment appeals.

31 Sec. 2. Subsection (a) of section 12-63 of the general statutes is  
32 repealed and the following is substituted in lieu thereof (*Effective July*  
33 *1, 2007*):

34 (a) The present true and actual value of land classified as farm land  
35 pursuant to section 12-107c, as forest land pursuant to section 12-107d,  
36 [or] as open space land pursuant to section 12-107e, or as maritime  
37 heritage land pursuant to section 1 of this act shall be based upon its  
38 current use without regard to neighborhood land use of a more  
39 intensive nature, provided in no event shall the present true and actual  
40 value of open space land be less than it would be if such open space  
41 land comprised a part of a tract or tracts of land classified as farm land  
42 pursuant to section 12-107c. The present true and actual value of all  
43 other property shall be deemed by all assessors and boards of  
44 assessment appeals to be the fair market value thereof and not its value  
45 at a forced or auction sale.

46 Sec. 3. Section 12-107a of the general statutes is repealed and the

47 following is substituted in lieu thereof (*Effective July 1, 2007*):

48 It is hereby declared (1) that it is in the public interest to encourage  
49 the preservation of farm land, forest land, [and] open space land and  
50 maritime heritage land in order to maintain a readily available source  
51 of food and farm products close to the metropolitan areas of the state,  
52 to conserve the state's natural resources and to provide for the welfare  
53 and happiness of the inhabitants of the state, (2) that it is in the public  
54 interest to prevent the forced conversion of farm land, forest land,  
55 [and] open space land and maritime heritage land to more intensive  
56 uses as the result of economic pressures caused by the assessment  
57 thereof for purposes of property taxation at values incompatible with  
58 their preservation as such farm land, forest land, [and] open space land  
59 and maritime heritage land, and (3) that the necessity in the public  
60 interest of the enactment of the provisions of sections 12-107b to 12-  
61 107e, inclusive, [and] section 12-504f [,] and section 1 of this act is a  
62 matter of legislative determination.

63 Sec. 4. Section 12-107b of the general statutes is repealed and the  
64 following is substituted in lieu thereof (*Effective July 1, 2007*):

65 When used in sections 12-107a to 12-107e, inclusive, and section 1 of  
66 this act:

67 (1) The term "farm land" means any tract or tracts of land, including  
68 woodland and wasteland, constituting a farm unit;

69 (2) The term "forest land" means any tract or tracts of land  
70 aggregating twenty-five acres or more in area bearing tree growth that  
71 conforms to the forest stocking, distribution and condition standards  
72 established by the State Forester pursuant to subsection (a) of section  
73 12-107d, and consisting of (A) one tract of land of twenty-five or more  
74 contiguous acres, which acres may be in contiguous municipalities, (B)  
75 two or more tracts of land aggregating twenty-five acres or more in  
76 which no single component tract shall consist of less than ten acres, or  
77 (C) any tract of land which is contiguous to a tract owned by the same  
78 owner and has been classified as forest land pursuant to this section;

79 (3) The term "open space land" means any area of land, including  
80 forest land, land designated as wetland under section 22a-30 and not  
81 excluding farm land, the preservation or restriction of the use of which  
82 would (A) maintain and enhance the conservation of natural or scenic  
83 resources, (B) protect natural streams or water supply, (C) promote  
84 conservation of soils, wetlands, beaches or tidal marshes, (D) enhance  
85 the value to the public of abutting or neighboring parks, forests,  
86 wildlife preserves, nature reservations or sanctuaries or other open  
87 spaces, (E) enhance public recreation opportunities, (F) preserve  
88 historic sites, or (G) promote orderly urban or suburban development;

89 (4) The word "municipality" means any town, consolidated town  
90 and city, or consolidated town and borough;

91 (5) The term "planning commission" means a planning commission  
92 created pursuant to section 8-19;

93 (6) The term "plan of conservation and development" means a plan  
94 of development, including any amendment thereto, prepared or  
95 adopted pursuant to section 8-23;

96 (7) The term "certified forester" means a practitioner certified as a  
97 forester pursuant to section 23-65h; and

98 (8) The term "maritime heritage land" means that portion of  
99 waterfront real property owned by a commercial lobster fisherman  
100 licensed pursuant to title 26, when such portion of such property is  
101 used by such fisherman for commercial lobstering purposes, provided  
102 in the tax year of the owner ending immediately prior to any  
103 assessment date with respect to which application is submitted  
104 pursuant to section 1 of this act, not less than fifty per cent of the  
105 adjusted gross income of such fisherman, as determined for purposes  
106 of the federal income tax, is derived from commercial lobster fishing,  
107 subject to proof satisfactory to the assessor in the town in which such  
108 application is submitted.

109 Sec. 5. Section 12-120a of the general statutes is repealed and the

110 following is substituted in lieu thereof (*Effective July 1, 2007*):

111 The Secretary of the Office of Policy and Management shall,  
112 annually, not later than the fifteenth day of March, submit to the  
113 chairpersons and ranking members of the joint standing committee of  
114 the General Assembly on finance, revenue and bonding, with copies  
115 for such other committee members and staff personnel as said  
116 chairpersons may designate, a report concerning certain data  
117 applicable with respect to real and personal property in each town in  
118 the state and such totals of data pertaining to all towns as may be  
119 deemed appropriate by said secretary. The submission of such report  
120 in 1997, and annually thereafter, shall include a summary of data as  
121 described in each of the subsections in this section. Each such report  
122 shall include categories of such data for purposes of property subject  
123 to taxation and separate categories for property exempt from taxation.  
124 Such report shall include state-wide trends covering a five-year period.  
125 Such report shall be organized, to the extent possible, in a manner  
126 consistent with the outline of information as described in each of the  
127 following [subsections] subdivisions.

128 [(a)] (1) For purposes of taxable residential, apartment, commercial,  
129 industrial and public utility real property, such report shall include the  
130 total number of properties and the total assessed value of such  
131 properties.

132 [(b)] (2) For purposes of taxable vacant land, such report shall  
133 include the total number of acres and the total assessed value of such  
134 acres. For purposes of taxable land subject to assessment related to  
135 certain use value classifications, such report shall include the total  
136 number of such acres and the total assessed value of such acres for  
137 each of the following classifications related to use: (A) Farm, (B) forest,  
138 [and] (C) open space, and (D) maritime heritage.

139 [(c)] (3) For purposes of taxable land bearing timber and subject to  
140 tax at a rate not exceeding ten mills, such report shall include the total  
141 number of acres and the assessed value of the land.

142       [(d) (1)] (4) (A) For purposes of taxable registered motor vehicles,  
143 such report shall include the total number of motor vehicles and the  
144 total assessed value of such motor vehicles for each of the following  
145 classifications related to use: [(A)] (i) Passenger, [(B)] (ii) commercial,  
146 [(C)] (iii) combination, [(D)] (iv) farm, and [(E)] (v) any other  
147 classification; [(2)] (B) for purposes of taxable vehicles which are not  
148 registered and mobile manufactured homes, such report shall include  
149 the total number of such vehicles and mobile manufactured homes and  
150 the total assessed value for each such category; [(3)] (C) for purposes of  
151 all other taxable personal property, such report shall include the total  
152 value of each category of such property as contained in the tax list  
153 required pursuant to sections 12-42 and 12-43.

154       [(e)] (5) For purposes of exemptions from property tax with respect  
155 to which there is no state reimbursement, such report shall include the  
156 total number of such exempt properties by the exemption categories  
157 and property types deemed appropriate by the secretary, and the total  
158 assessed value of such exempt property.

159       [(f)] (6) For purposes of exemptions from property tax with respect  
160 to which annual reimbursement is provided by the state, such report  
161 shall include the total assessed value of such exempt property, by the  
162 exemption categories and property types deemed appropriate by the  
163 secretary.

164       [(g)] (7) For purposes of exemptions from or reductions in property  
165 tax for certain individuals, with respect to which state reimbursement  
166 is applicable, such report shall include (A) the total number of  
167 individuals and the total amounts of each such exemption or reduction  
168 in the case of such benefits not subject to income requirements, and (B)  
169 in the case of such benefits subject to income requirements, such total  
170 number of individuals and total amounts of exemption or reduction  
171 the total assessed value of such exempt property, by the exemption  
172 categories and property types deemed appropriate by the secretary.

173       [(h)] (8) For purposes of exemption from property tax for certain  
174 individuals, with respect to which there is no state reimbursement,

175 such report shall include the total number of individuals and the total  
176 value of each of the following exemptions: [(1)] (A) Exemptions related  
177 to veterans under subdivisions (19) to (26), inclusive, of section 12-81,  
178 and [(2)] (B) exemption for blind persons under subdivision (17) of  
179 said section.

180 Sec. 6. Section 12-504a of the general statutes is repealed and the  
181 following is substituted in lieu thereof (*Effective July 1, 2007*):

182 (a) If at any time there is a change of ownership for any property  
183 that is classified as farm land pursuant to section 12-107c, forest land  
184 pursuant to section 12-107d, [or] open space land pursuant to section  
185 12-107e or maritime heritage land pursuant to section 1 of this act, a  
186 revised application shall be filed with the assessor pursuant to said  
187 sections 12-107c, 12-107d, [and] 12-107e or section 1 of this act.

188 (b) Any land which has been classified by the record owner thereof  
189 as open space land pursuant to section 12-107e or as maritime heritage  
190 land pursuant to section 1 of this act, if sold or transferred by him  
191 within a period of ten years from the time he first caused such land to  
192 be so classified, shall be subject to a conveyance tax applicable to the  
193 total sales price of such land, which tax shall be in addition to the tax  
194 imposed under sections 12-494 to 12-504, inclusive. Said conveyance  
195 tax shall be at the following rate: (1) Ten per cent of said total sales  
196 price if sold within the first year following the date of such  
197 classification; (2) nine per cent if sold within the second year following  
198 the date of such classification; (3) eight per cent if sold within the third  
199 year following the date of such classification; (4) seven per cent if sold  
200 within the fourth year following the date of such classification; (5) six  
201 per cent if sold within the fifth year following the date of such  
202 classification; (6) five per cent if sold within the sixth year following  
203 the date of such classification; (7) four per cent if sold within the  
204 seventh year following the date of such classification; (8) three per cent  
205 if sold within the eighth year following the date of such classification;  
206 (9) two per cent if sold within the ninth year following the date of such  
207 classification; and (10) one per cent if sold within the tenth year

208 following the date of such classification. No conveyance tax shall be  
209 imposed on such record owner by the provisions of sections 12-504a to  
210 12-504f, inclusive, following the end of the tenth year after the date of  
211 such classification by the record owner or person acquiring title to  
212 such land or causing such land to be so classified.

213 (c) Any land which has been classified by the record owner thereof  
214 as farm land pursuant to section 12-107c or as forest land pursuant to  
215 section 12-107d, if sold or transferred by him within a period of ten  
216 years from the time he acquired title to such land or from the time he  
217 first caused such land to be so classified, whichever is earlier, shall be  
218 subject to a conveyance tax applicable to the total sales price of such  
219 land, which tax shall be in addition to the tax imposed under sections  
220 12-494 to 12-504, inclusive. Said conveyance tax shall be at the  
221 following rate: (1) Ten per cent of said total sales price if sold within  
222 the first year of ownership by such record owner; (2) nine per cent if  
223 sold within the second year of ownership by such record owner; (3)  
224 eight per cent if sold within the third year of ownership by such record  
225 owner; (4) seven per cent if sold within the fourth year of ownership  
226 by such record owner; (5) six per cent if sold within the fifth year of  
227 ownership by such record owner; (6) five per cent if sold within the  
228 sixth year of ownership by such record owner; (7) four per cent if sold  
229 within the seventh year of ownership by such record owner; (8) three  
230 per cent if sold within the eighth year of ownership by such record  
231 owner; (9) two per cent if sold within the ninth year of ownership by  
232 such record owner; and (10) one per cent if sold within the tenth year  
233 of ownership by such record owner. No conveyance tax shall be  
234 imposed by the provisions of sections 12-504a to 12-504f, inclusive,  
235 following the end of the tenth year of ownership by the record owner  
236 or person acquiring title to such land or causing such land to be so  
237 classified.

238 Sec. 7. Section 12-504c of the general statutes is repealed and the  
239 following is substituted in lieu thereof (*Effective July 1, 2007*):

240 The provisions of section 12-504a shall not be applicable to the



241 following: (1) Transfers of land resulting from eminent domain  
242 proceedings; (2) mortgage deeds; (3) deeds to or by the United States  
243 of America, state of Connecticut or any political subdivision or agency  
244 thereof; (4) strawman deeds and deeds which correct, modify,  
245 supplement or confirm a deed previously recorded; (5) deeds between  
246 husband and wife and parent and child when no consideration is  
247 received, except that a subsequent nonexempt transfer by the grantee  
248 in such cases shall be subject to the provisions of said section 12-504a  
249 as it would be if the grantor were making such nonexempt transfer; (6)  
250 tax deeds; (7) deeds of foreclosure; (8) deeds of partition; (9) deeds  
251 made pursuant to a merger of a corporation; (10) deeds made by a  
252 subsidiary corporation to its parent corporation for no consideration  
253 other than the cancellation or surrender of the capital stock of such  
254 subsidiary; (11) property transferred as a result of death when no  
255 consideration is received and in such transfer the date of acquisition or  
256 classification of the land for purposes of sections 12-504a to 12-504f,  
257 inclusive, or section 1 of this act, whichever is earlier, shall be the date  
258 of acquisition or classification by the decedent; (12) deeds to any  
259 corporation, trust or other entity, of land to be held in perpetuity for  
260 educational, scientific, aesthetic or other equivalent passive uses,  
261 provided such corporation, trust or other entity has received a  
262 determination from the Internal Revenue Service that contributions to  
263 it are deductible under applicable sections of the Internal Revenue  
264 Code; (13) land subject to a covenant specifically set forth in the deed  
265 transferring title to such land, which covenant is enforceable by the  
266 town in which such land is located, to refrain from selling, transferring  
267 or developing such land in a manner inconsistent with its classification  
268 as farm land pursuant to section 12-107c, forest land pursuant to  
269 section 12-107d, [or] open space land pursuant to section 12-107e or  
270 maritime heritage land pursuant to section 1 of this act, for a period of  
271 not less than eight years from the date of transfer, if such covenant is  
272 violated the conveyance tax set forth in this chapter shall be applicable  
273 at the rate multiplied by the market value as determined by the  
274 assessor which would have been applicable at the date the deed  
275 containing the covenant was delivered and, in addition, the town or

276 any taxpayer therein may commence an action to enforce such  
277 covenant; (14) land the development rights to which have been sold to  
278 the state under chapter 422a; and (15) deeds to or from any limited  
279 liability company when the grantors or grantees are the same  
280 individuals as the principals or members of the limited liability  
281 company. If action is taken under subdivision (13) of this section by a  
282 taxpayer, such action shall commence prior to the ninth year following  
283 the date of the deed containing such covenant and the town shall be  
284 served as a necessary party.

285 Sec. 8. Section 12-504e of the general statutes is repealed and the  
286 following is substituted in lieu thereof (*Effective July 1, 2007*):

287 Any land which has been classified by the owner as farm land  
288 pursuant to section 12-107c, as forest land pursuant to section 12-107d,  
289 [or as] open space land pursuant to section 12-107e or maritime  
290 heritage land pursuant to section 1 of this act, if changed by him,  
291 within a period of ten years of his acquisition of title, to use other than  
292 farm land, forest [or] land, open space land or maritime heritage land,  
293 shall be subject to said conveyance tax as if there had been an actual  
294 conveyance by him, as provided in sections 12-504a and 12-504b, at the  
295 time he makes such change in use. For the purposes of this section: (1)  
296 The value of any such property shall be the fair market value thereof as  
297 determined by the assessor in conjunction with the most recent  
298 revaluation, and (2) the date used for purposes of determining such tax  
299 shall be the date on which the use of such property is changed, or the  
300 date on which the assessor becomes aware of a change in use of such  
301 property, whichever occurs first.

302 Sec. 9. Section 12-504f of the general statutes is repealed and the  
303 following is substituted in lieu thereof (*Effective July 1, 2007*):

304 The tax assessor shall file annually, not later than sixty days after  
305 the assessment date, with the town clerk a certificate for any land  
306 which has been classified as farm land pursuant to section 12-107c, as  
307 forest land pursuant to section 12-107d, [or] as open space land  
308 pursuant to section 12-107e or as maritime heritage land pursuant to

309 section 1 of this act, which certificate shall set forth the date of the  
310 initial classification and the obligation to pay the conveyance tax  
311 imposed by this chapter. Said certificate shall be recorded in the land  
312 records of such town. Any such classification of land shall be deemed  
313 personal to the particular owner who requests such classification and  
314 shall not run with the land. The town clerk shall notify the tax assessor  
315 of the filing in the land records of the sale of any such land. Upon  
316 receipt of such notice the tax assessor shall inform the new owner of  
317 the tax benefits of classification of such land as farm land, forest land  
318 or open space land.

319 Sec. 10. Section 12-504h of the general statutes is repealed and the  
320 following is substituted in lieu thereof (*Effective July 1, 2007*):

321 Any such classification of farm land pursuant to section 12-107c,  
322 forest land pursuant to section 12-107d, [or] open space land pursuant  
323 to section 12-107e or maritime heritage land pursuant to section 1 of  
324 this act, shall be deemed personal to the particular owner who requests  
325 and receives such classification and shall not run with the land. Any  
326 such land which has been classified by a record owner shall remain so  
327 classified without the filing of any new application subsequent to such  
328 classification, notwithstanding the provisions of [said] sections 12-  
329 107c, 12-107d, [and] 12-107e and section 1 of this act, until either of the  
330 following shall occur: (1) The use of such land is changed to a use other  
331 than that described in the application for the existing classification by  
332 said record owner, or (2) such land is sold or transferred by said record  
333 owner. Upon the sale or transfer of any such property, the  
334 classification of such land as farm land pursuant to section 12-107c,  
335 forest land pursuant to section 12-107d, [or] open space land pursuant  
336 to section 12-107e or maritime heritage land pursuant to section 1 of  
337 this act, shall cease as of the date of sale or transfer. In the event that a  
338 change in use of any such property occurs, the provisions of section 12-  
339 504e, shall apply in terms of determining the date of change and the  
340 classification of such land as farm land pursuant to section 12-107c,  
341 forest land pursuant to section 12-107d, [or] open space land pursuant  
342 to section 12-107e or maritime heritage land pursuant to section 1 of

343 this act, shall cease as of such date.

344 Sec. 11. Section 12-638l of the general statutes is repealed and the  
345 following is substituted in lieu thereof (*Effective July 1, 2007*):

346 (a) Any land which has been classified by the record owner thereof  
347 as open space land pursuant to section 12-107e or as maritime heritage  
348 land pursuant to section 1 of this act, shall, if a controlling interest in  
349 the entity which possesses an interest in such land is sold within a  
350 period of ten years from the time the owner first caused such land to  
351 be so classified, be subject to a tax applicable to the present true and  
352 actual value of such land, which tax shall be in addition to the tax  
353 imposed under this chapter. Said tax shall be at the following rate: (1)  
354 Ten per cent of said present true and actual value if sold within the  
355 first year following the date of such classification; (2) nine per cent if  
356 sold within the second year following the date of such classification;  
357 (3) eight per cent if sold within the third year following the date of  
358 such classification; (4) seven per cent if sold within the fourth year  
359 following the date of such classification; (5) six per cent if sold within  
360 the fifth year following the date of such classification; (6) five per cent  
361 if sold within the sixth year following the date of such classification; (7)  
362 four per cent if sold within the seventh year following the date of such  
363 classification; (8) three per cent if sold within the eighth year following  
364 the date of such classification; (9) two per cent if sold within the ninth  
365 year following the date of such classification; and (10) one per cent if  
366 sold within the tenth year following the date of such classification. No  
367 tax shall be imposed on such record owner by the provisions of this  
368 chapter following the end of the tenth year after the date of such  
369 classification by such record owner.

370 (b) Any land which has been classified by the record owner thereof  
371 as farm land pursuant to section 12-107c or as forest land pursuant to  
372 section 12-107d shall, if a controlling interest in the entity which  
373 possesses an interest in such land is sold within a period of ten years  
374 from the time the owner acquired title to such land or from the time he  
375 first caused such land to be so classified, whichever is earlier, be

376 subject to a tax applicable to the present true and actual value of such  
377 land, which tax shall be in addition to the tax imposed under this  
378 chapter. Said conveyance tax shall be at the following rate: (1) Ten per  
379 cent of said present true and actual value if sold within the first year of  
380 ownership by such record owner; (2) nine per cent if sold within the  
381 second year of ownership by such record owner; (3) eight per cent if  
382 sold within the third year of ownership by such record owner; (4)  
383 seven per cent if sold within the fourth year of ownership by such  
384 record owner; (5) six per cent if sold within the fifth year of ownership  
385 by such record owner; (6) five per cent if sold within the sixth year of  
386 ownership by such record owner; (7) four per cent if sold within the  
387 seventh year of ownership by such record owner; (8) three per cent if  
388 sold within the eighth year of ownership by such record owner; (9)  
389 two per cent if sold within the ninth year of ownership by such record  
390 owner; and (10) one per cent if sold within the tenth year of ownership  
391 by such record owner. No conveyance tax shall be imposed by the  
392 provisions of this chapter following the end of the tenth year of  
393 ownership by such record owner.

394 Sec. 12. Section 12-638n of the general statutes is repealed and the  
395 following is substituted in lieu thereof (*Effective July 1, 2007*):

396 The provisions of section 12-638l shall not be applicable to any sale  
397 having any of the following underlying characteristics: [(a)] (1)  
398 Transfers of land resulting from eminent domain proceedings; [(b)] (2)  
399 mortgage deeds; [(c)] (3) deeds to or by the United States of America,  
400 state of Connecticut or any political subdivision or agency thereof; [(d)]  
401 (4) strawman deeds and deeds which correct, modify, supplement or  
402 confirm a deed previously recorded; [(e)] (5) deeds between husband  
403 and wife and parent and child when no consideration is received,  
404 except that a subsequent nonexempt transfer by the grantee in such  
405 cases shall be subject to the provisions of section 12-638l as it would be  
406 if the grantor were making such nonexempt transfer; [(f)] (6) tax deeds;  
407 [(g)] (7) deeds releasing any property which is a security for a debt or  
408 other obligation; [(h)] (8) deeds of partition; [(i)] (9) property  
409 transferred as a result of death by devise or otherwise and in such

410 transfer the date of acquisition or classification of the land for purposes  
411 of this chapter, whichever is earlier, shall be the date of acquisition or  
412 classification by the decedent; [(j)] (10) deeds to any corporation, trust  
413 or other entity, of land to be held in perpetuity for educational,  
414 scientific, aesthetic or other equivalent passive uses, provided such  
415 corporation, trust or other entity has received a determination from the  
416 Internal Revenue Service that contributions to it are deductible under  
417 applicable sections of the Internal Revenue Code; and [(k)] (11) land  
418 subject to a covenant specifically set forth in the deed transferring title  
419 to such land, which covenant is enforceable by the town in which such  
420 land is located, to refrain from selling or developing such land in a  
421 manner inconsistent with its classification as farm land pursuant to  
422 section 12-107c, forest land pursuant to section 12-107d, [or] open  
423 space land pursuant to section 12-107e or maritime heritage land  
424 pursuant to section 1 of this act, for a period of not less than eight years  
425 from the date of transfer, if such covenant is violated the tax set forth  
426 in this chapter shall be applicable at the rate which would have been  
427 applicable at the date the deed containing the covenant was delivered  
428 and, in addition, the town or any taxpayer therein may commence an  
429 action to enforce such covenant. If such action is taken by such a  
430 taxpayer, the town shall be served as a necessary party.

431 Sec. 13. Section 12-81m of the general statutes is repealed and the  
432 following is substituted in lieu thereof (*Effective July 1, 2007*):

433 A municipality may, by vote of its legislative body or, in a  
434 municipality where the legislative body is a town meeting, by vote of  
435 the board of selectmen, and by vote of its board of finance, abate up to  
436 fifty per cent of the property taxes of any of the following properties  
437 provided such property is maintained as a business: (1) Dairy farm, (2)  
438 fruit orchard, including a vineyard for the growing of grapes for wine,  
439 (3) vegetable farm, (4) nursery farm, (5) any farm which employs  
440 nontraditional farming methods, including, but not limited to,  
441 hydroponic farming, [or] (6) tobacco farms, or (7) commercial  
442 lobstering businesses operated on maritime heritage land, as defined  
443 in section 12-107b, as amended by this act. Such a municipality may

444 also establish a recapture in the event of sale provided such recapture  
 445 shall not exceed the original amount of taxes abated and may not go  
 446 back further than ten years. For purposes of this section, the  
 447 municipality may include in the abatement for such fruit orchard any  
 448 building for seasonal residential use by workers in such orchard which  
 449 is adjacent to the fruit orchard itself, but shall not include any  
 450 residence of the person receiving such abatement.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	New section
Sec. 2	<i>July 1, 2007</i>	12-63(a)
Sec. 3	<i>July 1, 2007</i>	12-107a
Sec. 4	<i>July 1, 2007</i>	12-107b
Sec. 5	<i>July 1, 2007</i>	12-120a
Sec. 6	<i>July 1, 2007</i>	12-504a
Sec. 7	<i>July 1, 2007</i>	12-504c
Sec. 8	<i>July 1, 2007</i>	12-504e
Sec. 9	<i>July 1, 2007</i>	12-504f
Sec. 10	<i>July 1, 2007</i>	12-504h
Sec. 11	<i>July 1, 2007</i>	12-638l
Sec. 12	<i>July 1, 2007</i>	12-638n
Sec. 13	<i>July 1, 2007</i>	12-81m

**ENV**      *Joint Favorable Subst. C/R*

FIN

**FIN**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

---

**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

Municipalities	Effect	FY 08 \$	FY 09 \$
Various Municipalities	Revenue Impact	Minimal	Minimal

**Explanation**

A municipality that has maritime heritage land, as defined by the bill, will experience a loss to their net grand list (total assessed value less exemptions permitted under state law). However, the loss is expected to be minimal because only a few<sup>1</sup> properties per town are anticipated to qualify as maritime heritage land.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

---

<sup>1</sup> According to data supplied by the Department of Environmental Protection to the Office of Legislative Research (OLR) there only a few licensed full-time fishermen per town that would have property that might qualify as maritime heritage land. Please refer to OLR report 2007-R-0323 for additional information.



---

**OLR Bill Analysis****sHB 6776*****AN ACT PRESERVING MARITIME HERITAGE LAND.*****SUMMARY:**

This bill provides a property tax break for certain licensed commercial lobstermen by treating portions of waterfront property they own and use for lobstering like “490 program” land. Under the 490 program, farm, open space, and forest land is assessed at its current use value for property tax purposes.

The bill defines “maritime heritage land” as the portion of waterfront real property that a licensed commercial lobster fisherman owns and uses for commercial lobstering. Such a lobsterstman must have earned at least 50% of his or her adjusted gross income in the prior tax year, as determined for federal income tax purposes, from commercial lobster fishing. The lobsterman must provide satisfactory proof to the municipal assessor where the property is located.

By law, a conveyance tax is imposed on land in the 490 program when (1) its use classification changes or (2) it is sold or transferred within 10 years of its classification (with certain exceptions). The bill extends the same conveyance tax penalty, as well as other 490 program provisions, to property classified as maritime heritage land.

The bill also adds a municipal option for an additional 50% commercial property tax break for land classified as maritime heritage land.

It makes conforming and technical changes.

EFFECTIVE DATE: July 1, 2007

**MARITIME HERITAGE LAND*****490 Program and Maritime Heritage Land***

By law, assessors must determine the value of 490 land based solely on how it is being used (i.e., current use value) without regard to its potential resale or fair market value (i.e., the highest and best use one can make of such property). The bill adds maritime heritage land to the program and uses a classification process similar to that for farmland. Under the law, the classification processes for open space and forest land have additional requirements (see BACKGROUND).

Under the bill, an owner of a waterfront real property that qualifies must apply for classification of it as maritime heritage land.

***Applying for Maritime Heritage Land Classification***

Under the bill, a landowner may apply to the tax assessor for classification of his or her land as maritime heritage land on any grand list of a municipality by filing a written notice no less than 30 days before and no later than 30 days after the assessment date. But in a year in which a revaluation of all real property becomes effective, the application may be filed no later than 90 days after the assessment date.

The application must be on a form Office of Policy and Management (OPM) secretary prescribes. It must describe (1) the land, (2) its use in general terms, (3) the potential tax liability if a conveyance tax is assessed, and (4) any other information the assessor may require to help him or her determine whether the land qualifies for the maritime heritage land classification.

If the assessor determines an applicant's land is maritime heritage land, he or she must classify it as such and include it on the grand list. The assessor must annually file a certificate with the town clerk that states the date of initial classification as maritime heritage land and the conveyance tax obligation under the program, as under current law for 490 program land.

If a landowner fails to apply for the classification within the bill's

prescribed deadline or as it requires, he or she is considered to have waived the right to such classification.

As under current law for 490 land, any person aggrieved by an assessor's denial for land classification as maritime heritage land has the same rights and remedies for appeal and relief as the law provides for other taxpayers claiming to be aggrieved by the actions of assessors or boards of assessment appeals.

### **CONFORMING CHANGES**

The bill adds maritime heritage land to the following provisions of the 490 program.

#### ***Classification, Sale Notification, and OPM Report***

The law specifies that the classification of land as open space, farm, or forest land under the 490 program attaches to the owner and not the land. Under the law, the classification ends if (1) the land use is changed to something other than was described in the owner's application, (2) the land is sold, or (3) the land is transferred. In the case of a change in use, the classification terminates on the earlier of the date the use changes or the assessor becomes aware of this change.

By law, the town clerk must notify the assessor of the sale of any land in the program when the sale is filed in the land records. Upon receiving the notice, the assessor must notify the new owner of the tax benefits of participating in the program. The law requires the filing of a revised program application with the assessor whenever ownership of land in the program changes.

The OPM secretary must report to the Finance, Revenue and Bonding chair persons on several matters concerning 490 land, including the total number of acres and assessed value of land classified as farm, forest, and open space.

#### ***Conveyance Tax***

By law, a conveyance tax is imposed on program land that changes use or is sold or transferred within 10 years of its classification. The

tax is 10% if the land is sold in the first year following its classification, and decreases by 1% per year. The law also imposes the tax based on sales or transfers within 10 years if a person other than the owner caused the land to be classified as open space or farm or forest land. By law, the tax penalty is based on the property's fair market value as determined in conjunction with the most recent revaluation.

The conveyance tax does not apply in several circumstances under the law, including (1) transactions involving deeds to or from a limited liability corporation when the grantors or grantees are the same individuals as the principals or members of the corporation and (2) a land owner's death, where no consideration was received for the land. By law, the tax also does not apply if the land is subject to a covenant that runs for at least eight years, is enforceable by the municipality and precludes the land from being sold, used, or transferred for purposes inconsistent with the program. The town or any of its residents can initiate an action to enforce the covenant. The law specifies that if a taxpayer initiates the action, the action must commence before the ninth year following the date of the deed containing the covenant. By law, anyone aggrieved by the imposition of the tax can appeal to the board of assessment appeals.

## **BACKGROUND**

### **490 Program**

The 490 Program is the popular name for PA 63-490, the public act that created it.

**Farm Land.** The law requires assessors in every town to determine the value of farm land under 490 based solely on how current use value without regard to its potential fair market value. A farmer must apply for such an assessment and the land must be farm land, as defined by law, which the assessor must determine.

**Open Space Land.** By law, a property qualifies for the open space classification if it is located in an area a municipality's planning commission designated as open space in its plan of conservation and

development.

**Forest Land.** Under the law, to qualify for classification, eligible forest land must consist of (1) one tract of 25 or more contiguous acres or (2) at least two tracts totaling at least 25 acres, in which no single tract is less than 10 acres. Additionally, land contiguous to a forest land tract owned by the same person can be classified as forest land, if it meets the law's standards.

A land owner may apply for forest land classification on any municipal grand list by submitting an application and a copy of the certified forester's report to the assessor.

**Related Bill**

sHB 7122 provides a property tax break for certain public golf course owners by treating public golf course land like farm, open space, and forest land under the "490" program. It also extends the conveyance tax penalty, as well as other 490 program provisions, to property classified as public golf course land.

**COMMITTEE ACTION**

Environment Committee

Joint Favorable Substitute Change of Reference  
Yea 31 Nay 0 (03/21/2007)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute  
Yea 53 Nay 0 (04/17/2007)